

### Welfare regimes and welfare use: social assistance patterns as an outcome of minimum income support policies in German and Italian cities

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# Welfare Regimes and Welfare Use

## Social Assistance Patterns as an Outcome of Minimum Income Support Policies in German and Italian Cities

by  
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Working Paper No. 52



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# 1. Introduction

In international comparative studies social policy questions especially those which are related on minimum income support became much more prominent (cf. for an overview Büchel and Hauser 1998, for an example Saraceno et al. 1998). This development results from the increasing interest in making characteristics and distinctions of different welfare regimes transparent for social policy decisions in the EC. Of specific interest are minimum income policy for target groups and programs to support them in overwhelming welfare dependency. Related to this is the question of how effective income support programs are and which non-intended effect might occur. For contrasting purposes it is very useful in international comparative studies to investigate these questions in the context of specific type of welfare regime. Go sta Esping-Anderson conceptual work brought a great progress in this approaches.

Esping-Andersen with his pioneering contribution (1990), combining qualitative (based on historical account) and quantitative analysis (based on national statistics and entitlements), wanted to show two main features of welfare state regimes: 1) the systematic relationship between levels of de-commodification and the consequent social stratification; 2) the different mixes of Family, State and Market as mechanisms of socio-economic integration enabling the social reproduction of individuals and families. While this last aim has been only partly deepened, his efforts have been concentrated on the classification of the OECD countries according to their degree of de-commodification and its effect on social stratification.

The different clusters identified by Esping-Andersen are characterised respectively by the prominence of one of the above mentioned mechanisms in the distribution of resources, and correspond to different kinds of prevalent policies and to different levels of de-commodification:

- The *social-democratic model* is characterised by the prominence of the State and policies are mostly universalistic. Access to them is granted to all residents and the level of de-commodification is high.
- The *conservative model* is characterised by the prominence of the Family, and the subsidiarity principle is underlying most of its selective policies. Access to them is granted mainly through the participation to the labour market and the level of de-commodification is medium.
- The *liberal model* is characterised by the prominence of the Market and policies are residual and targeted to specific groups. Access to them is mainly means-tested and the overall level of de-commodification is low.

In order to classify the OECD countries within these three ideal-typical typologies, Esping-Andersen uses a complex index of de-commodification based on three set of indicators: 1) pensions; 2) cash benefits in case of sickness 3) cash benefits in case of unemployment; each of them including many variables<sup>1</sup>.

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1. "The de-commodification scores summarise an array of variables that illustrate the ease with which an average person can opt out of the market: first, the prohibitiveness of conditions for eligibility, such as work

By using these indicators he gave rise to a wide methodological and theoretical debate on their adequacy. Criticism to his model has been expressed because the importance of gender has been underestimated in the calculation of the de-commodification index (e.g. Langan and Ostner 1991; Taylor-Gooby 1991; Sainsbury 1994; Lewis 1997), because anti-poverty policies have not been considered (e.g. Leibfried 1992; Kazepov 1998) and in general because the indicators that have been chosen tend to create a misleading and partly unstable typology (Ferrera 1993; Castles 1993; Mingione 1997; Lessenich and Ostner 1998) of the overall performance of the welfare states.

If we consider the set of rights a person in a condition of economic need has, in particular the entitlements upon which social assistance and all accompanying measures are based, Esping-Andersen's model shows some of these weaknesses more clearly.

Following the typology of Esping-Andersen one can assume, that the different types of welfare state models generate typical patterns of welfare use. In a liberal welfare state with its prominence of market mechanisms and high individual responsibility a pattern of welfare use predominated by a very few and relatively short benefit episodes could be expected. Contrary to this might be the figure for welfare use in a welfare regime based on a social-democratic model. According to the prominence of the State and its high aim to protect citizen against income loss and to combat poverty without stigmatisation this model looks like a very generous welfare state. Due to this one can assume to find persons more frequent applying for benefit and staying longer on payments. In welfare regimes with an underlying conservative model have a so to say median State protection against market mechanisms and income loss. The prominence of the family and the subsidiarity principle let expect several episodes with benefits of a midterm duration.

However these are very raw assumptions on the relation between type of welfare regime and patterns of welfare use. Our own comparative studies have already shown, that in welfare regime with a more generous handling of minimum income support like in Sweden longterm reciprocity occurs very seldom. Only for the non-autochthons is due their specific labour market problems a tendency for longer welfare use (Gustafsson and Voges 1998). Also in liberal welfare state like the USA short-term welfare use could only be found by focusing cash episodes. By taking in consideration the time for overwhelming periods of dependence on income support the shortness of welfare use disappears. According this approach recipients under liberal welfare regime remain longer dependent on benefit than recipients from a conservative welfare state like Germany (Duncan and Voges 1995).

Even between welfare regimes based on a conservative model we could not find similarities in the patterns of welfare use. If we make a distinction between the German welfare state as conservative etatistic model and Italy as a conservative familistic model (cf. Kazepov 1998, Voges and Kazepov 1998) we can find large differences. Short-term episodes in Italy draw a picture of a less generous welfare regime, while surprisingly contrary to this the German welfare regime looks like a more generous one (Saraceno and Voges 1997). All in all

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experience, contributions or means test; second, the strength of in-built disincentives (such as waiting days for cash benefits) and maximum duration of entitlements; and third, the degree to which benefits approximate normal expected earnings-levels. The overall de-commodification scores are weighted by the percent of the relevant population covered by the social security program". For an overview of the methodology underlying the index and the variables used, see Esping-Andersen (1990: 49–54).

these findings indicate that there are no linear correlation between welfare state model and patterns of welfare use. For comparative studies it is not necessary to take the institutional framework in consideration but also the role of the informal sector.

The role of the Family and of the primary social networks, of gender relations, of the Market and of the State are varying considerably in ensuring the socio-economic integration of the individuals and of groups of individuals. Germany and Italy, which have been classified by Esping-Andersen in the same cluster, have in this respect some important common features which gave raise to a complex organisational welfare mix strongly connected to the respective citizenship systems.

First, in both countries, this mix is characterised by the great importance of the Family in terms of welfare provisions and support for weak subjects. According to the subsidiarity principle, the state will intervene only when the sheltering capacities of the family are no longer effective<sup>2</sup>. These sheltering capacities of the family are legally coded in rules which refer to *Unterhaltsverpflichtung* (BGB, §§ 1360) in Germany and to *obbligazione per legge al mantenimento* (art. 433 of the Civil Code) in Italy, i.e. to the obligation of maintenance of relatives<sup>3</sup>.

Second, in these occupational models, most of the social rights which should enable societal membership, depend on ones' labour market position. The model of the adult male family-wage-earning employee, protected by state and trade-union action, has developed as the main form of citizenship in terms of income maintenance.

Apart these two main common features there are a number of important differences which need to be considered in order to better understand how in the two countries the institutional setting structures the way in which poverty – as an extreme expression of social exclusion – manifests itself.

This paper focuses on some of these important differences. On one hand it focuses on the aspects of the social assistance programmes directed to combat poverty and social exclusion, on the other hand it focuses on the risks of dependency associated with longterm reciprocity of social assistance basic income support in Germany and Italy. Our aim is to describe the institutional background in both countries and then re-explain relative differences in the risk of remaining on social assistance benefits in selected local contexts (Bremen, Bozen, Milan, Turin). In our multivariate models of social assistance receipt, we relate the risk of social assistance reciprocity to the institutional settings and demographic characteristics of

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2. In these countries, the sheltering capacities of the family have in fact remained relatively high compared to the northern countries. In particular in Germany and Italy, marriage rates declined but not so dramatically as elsewhere (there is more a phenomenon of delayed marriage) remaining above the EU average; divorce rates increased but not as much as in other countries. The relative stability of marriage is also shown by the relatively low number of children born out of wedlock. See: Scheiwe (1994) and Trifiletti (1995). For a critical analysis of the subsidiarity principle see Grottian et al. 1988.

3. These obligations become important when an individual requires income support from social assistance, or when a frail elderly person requires some kind of social assistance. Before granting the request, social workers must inquire if there is no kin member who should be called upon to fulfil his/her legal obligations. In both countries parents are responsible for their children and grandchildren, even when they are adults, if they are not able to support themselves. Siblings are responsible for each other. Children are responsible for their parents if these are in need. But grandchildren are no longer responsible for their grandparents.

recipients, e.g., gender, age, nationality, household type, number of children and seasonal effects of terminating.

Our hypothesis is that the German and the Italian welfare regimes differ considerably one from the other as soon as we consider social assistance measures. This brings us to identify two variants within the conservative cluster: a) a more states variant, within which the state plays a more active role in the process of helping people in a condition of need; b) a more family variant, within which the state play a more passive role and much of the protection is left to the family (cf. Mingione 1997). It is important to note that in both variants the family plays an important role. The subsidiarity principle frames culturally both contexts. What is different is the way in which the state supports the family. Germany, which clearly belongs to the statist variant, has a more generous and egalitarian protection system, which brings about an active subsidiarity pattern. Italy, on the contrary, presents a passive subsidiarity pattern which overburdens the family with protection responsibilities without supplying adequate resources. Italy, however, has a very fragmented institutional system, therefore, despite this more general framework, it does not present a homogenous model. In this contribution, we refer to the North Italian model, where social policies are more developed (Kazepov 1998), even though also within the cities considered we can identify a sub-variant, represented by Bozen, which is half way between the German model and the Italian one, both in institutional and social assistance dynamic terms. We do not consider South Italian cities which would further complicate the analysis.

## **2. The German and Italian welfare regimes**

### **2.1. Universal rights in the German regime**

Sozialhilfe (social assistance) is the principal means of guaranteeing a minimum income support in Germany. It is a means tested program financed by taxes and intended to provide a minimum standard of living based on need. Social assistance is subsidiary to other forms of aid, which means that other possible income sources – private and/or public – have to be exhausted first. Social assistance is thus the last safety net when all other means of financial support still leave the person below the social assistance threshold.

Table 1: Main differences of welfare regimes in Germany and Italy

Categories	Germany: <i>Sozialhilfe</i>	Italy: <i>Minimo Vitale</i>
Coverage	Residents of Germany and protected EC residents; non-protected EC-citizens and non-EC foreigners are treated differently; asylum-seekers are entitled to benefits from a similar (but not identical) program	Usually residents of the municipality. Asylum-seekers and non resident foreigners without a permit of stay are not entitled to these programs. There are specific programs for them, particularly for minors, but they are more stigmatising and difficult to access. The lack of a national frame law causes benefits and coverage to vary regionally for both Italians and foreigners. In some regions coverage is related to age groups. In this system the elderly formally receive the best coverages including automatic payment in case of need. For other age groups payments are less automatic, to varying degrees. For adults (18–60) it is the worst.
Eligibility requirements	Means test: total disposable income of family/household must be below needs standard set by federal government; assets must be below specified limits (i.e. disregarding small home, personal belongings, and small savings account); Applicant must not have any legal claim to alimony/maintenance payments from relatives or (ex-)spouses	Means test: total disposable income of family must be below needs standard set by the regions or municipalities; cumulation of conditions of need: being below the threshold is not sufficient to be entitled to the Minimo Vitale, i.e. one must cumulate different conditions of need in order to be eligible (e.g. low income, illness, old age, marginality ...).
Cash benefits	Main types: i) basic aid covers subsistence living costs (mainly cash benefits) including modest rental expenses; ii) special aid which consists of several types of assistance in cash and in kind. Factors determining subsistence benefits levels: i) needs standard of individual, family depending on size of family, age of family members; extra needs of claimants; housing costs; ii) single particular needs not covered in general needs standard; iii) income and assets. Payments: difference between assessed needs and disposable income; assessed needs are: i) basic needs embodied in scale rates for household members; ii) extra needs as percentage of corresponding scale rate (20 % to 50 %) for specified groups like single parents, etc.; iii) appropriate housing costs.	Benefit levels vary according to the discretion of the local authorities in determining needs standard and assessing budgetary constraints which is very high; they also vary according to the discretion of the social worker. In most regions there is a minimum life benefit (Minimo vitale, similar to Sozialhilfe in Germany) which is supposed to consist of basic aid for subsistence living expenses (in certain cases including rent costs). Benefit levels are determined through a means tested threshold depending on the size of the family (equivalence scale). Payments: an amount lower than the difference between assessed income and threshold.
Financing Authority	The municipal or county government (the state government in city-states), with the exception that supplemental housing assistance is federally financed	The municipal Government redistributes regional funds. For families with minors there are financial supports from both the municipality and the province. The elderly (65 +) are financed by the state government with social and minimum pensions.
Cost-of-Living Adjustments	Indexation according to the changes of work earned income (net income). In the past it was capped to an adjustment level close to the inflation rate.	No clear official and clear criteria. Access threshold are supposed to be oriented toward cost-of-living-adjustment of minimum state pensions. Benefits, however, are not increased automatically by according to this criteria.



Minimum income support is delivered in two forms: *Hilfe zum Lebensunterhalt* (income maintenance support, commonly called *Sozialhilfe*, “social assistance” in the narrowest sense of the word) and *Hilfe in besonderen Lebenslagen* (aid for persons with special needs – e.g. aid for the blind or handicapped, medical aid for people without health insurance). Social assistance covers recurring expenditures such as food, accommodation and, after special application, non-recurring expenditures such as furniture and clothing. These two programs provide the bulk of the assistance to the growing number of claimants of social assistance benefits in Germany. Benefit levels vary marginally between different federal states (*Bundesländer*) and municipalities. Due to annual cost-of-living adjustments, benefit levels have remained fairly stable, at least compared to other countries, remaining with mild fluctuations at around 40–60 percent of mean income for an individual. That implies that there was, in practice, a relative poverty line until the mid 80s when a lid was put on the social assistance threshold and the adjustments have been capped. In any case the social assistance threshold has to be seen as a “socially relevant poverty line” (Ballerstedt and Glatzer 1975).

The BSHG (Federal Social Assistance Act) upon which *Sozialhilfe* is based was enacted in the early phases of the West German “economic miracle”, a period of “seemingly perpetual prosperity” (Lutz 1984). This prosperity divested poverty of its traditional character as a social phenomena which could be experienced directly. Due of the main features of the BSHG Reform was the universal (i.e. non-categorical) right to social assistance with the general function of bridging temporary losses of income and hereby minimising the risk of entering poverty and becoming socially marginalised. The social assistance program is aimed at enabling the recipient to overcome dependency on these benefits as soon as possible (§ 1. par. 2:2 BSHG). Hence social assistance is supposed to be a transfer payment which helps the recipient back onto his/her feet again. In principle, it is only supposed to be a temporary short-term aid. That social assistance has, since the early 1980s, assumed the function of basic income support, contradicts the letter and spirit of the law. Besides the elderly, it is the unemployed, single parents and particularly immigrants who have to be placed amongst those groups that are dependent on social assistance benefit on a long term basis.

Since the German social assistance program is universal, foreign born residents with EU-citizenship are treated like the autochthon recipients. Other foreign-born residents eligible for minimum income support are treated as a target group. For those immigrants seeking political asylum and refugees there is one specific welfare program, and it has been in force since 1993. Otherwise, the two principal means-tested programs provide cash assistance for native Germans as well as for all other groups of immigrants.

Compared with other welfare regimes the German system of minimum income support is rather uniform. Despite small differences in local administration, it is universally non-categorically oriented and constitutionally guaranteed. By contrast, the Italian system which we will analyse in the next section is particularly fragmented.

## 2.2. Fragmented rights in the Italian regime

In 1977 the state transferred responsibility for social assistance to the regions and the municipalities with the Presidential Decree No. 616. This edict constitutes one of the great *lost opportunities* of Italian anti-poverty policy. The regions and the municipalities inherited the mandates and functions of a series of charitable bodies which then almost disappeared in their original form, although they are still partly funded. These organisations had been oriented toward categories and groups, not of the principle of need. In their wake, however, the state gave no clear guidelines for the fashioning of homogeneous access criteria or for the establishment of a coherent system of social security able to guarantee a safety net for people in a condition of economic need. This missing legal framework – an implicit leaky of the “division of labour” between the church and the state – let both the regions and the municipalities in a *vacatio juris*, which brought negative consequences which are still experienced today.

While waiting for a national framework law, many regions have since approved regional framework laws on social assistance.<sup>4</sup> This has brought about several problems. First, not every region has a regional framework law. Secondly, the regions did not work together in drafting these laws, so that now access criteria to social benefits differ in different regions. There are of course similarities, but more on the level of stated principles than of concrete measures. In fact, the implementation guidelines intended merely to render the principles concrete, exacerbated the regional differentiation among policies. Within this framework the municipalities add a further level of heterogeneity, designing specific implementation rules for specific groups and/or categories at risk.

In 1990 National Law No. 142 prescribed a decentralisation and re-organisation of all regulatory authority in this area. Since then, some municipalities have set up unified eligibility criteria for social services. However, this still ongoing process does not solve the problem of inter-municipal differences and addresses only the level of formal regulation and not administrative practices, which continue to categorise the claimants.

The consequence of this development is the consolidation of a differentiated system of social citizenship framed by very different legal contexts. Herein *citizens* are entitled to different sets of entitlements based not so much on their condition of need, but on local particularities in the organisation and administration of social services.

**The local regulatory frameworks of social policy in Italy.** This heterogeneity is one of the greatest problems faced by the Italian welfare system in a period of deep socio-economic and socio-demographic change, and it intensifies the prevailing climate of risk. This problem could be partially solved by a national framework law aimed at establishing homogeneous access criteria to guarantee minimum standards. Despite the great heterogeneity, social policies of most of the municipalities already have several common aspects. Some of these are, for example:

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4. This process began in the early eighties and continues today. Some regions (e.g. Piedmont) are already at the second generation of framework laws (1982 the first one and 1995 the second one).

- similar thresholds for Minimo Vitale benefits: it is generally tied to the State Minimum Pension INPS (£ 685,000 [€ 354] per month in 1997);
- similar methods of benefit calculation: everywhere the benefit is supposed to be the difference between the real income of the household and the threshold for that specific household, although in practice this is not always the case;
- similar role of the family: everywhere family members have to contribute to the well-being of each other (relatives up to the first degree have to take care of family members in case of need);
- similar budgetary constraints: fiscal constraints can limit benefit levels everywhere.

Beside these formal similarities, which are not necessarily implemented in all regions and municipalities and not necessarily positive, there are also numerous differences. Due in part to fact that similar measures are endowed with different names, the categorisation of claimants (e.g. lone mothers, minors, adults, handicapped, elderly etc.) persists in many places and still directs the flow of resources to more or less protected groups in a very differentiated way. Connected with this aspect are many features which vary from context to context without depending necessarily on the condition of need *tout court*. In some cases housing costs are added to the basic amount (the minimum pension INPS) in order to determine a more adequate threshold, but these costs can be either standardised or the actual costs incurred, and they can include or exclude heating and other costs. In short, there are no general regulations which entitle persons in a condition of need to a specific right to include housing costs in the determination of their benefit. Further, the benefit paid is not necessarily the amount resulting from the difference between the official threshold and the real income of the household, but often varies and is typically lower. The duration of benefit payment is limited and does not always last as long as the condition of need. In this respect, too, there are great differences among different groups of claimants. In order to receive an income subsidy a person has to “qualify” his or her condition of need, because budgetary constraints make it impossible to pay benefits to all poor. This means that people who pass a means-test are not automatically entitled to a monetary benefit; their right depends on the limits of the municipality’s available resources.

This means that it is budgetary constraint that determines how many persons in a condition of need are entitled to the subsidy, and their condition of need is only one of many aspects to be considered. In fact, in such a situation, an insufficient income is not enough to qualify the condition of need. Besides an economic deficit a person has in many contexts to cumulate also some other conditions of deprivation, for instance having no-self-sufficient members in the household or minors facing judicial proceedings, or any other situations that limit the household’s autonomy. The implementation guidelines specify that benefits are to kick in only in households in which qualified needs combine with insufficient income. The conceptual problem related to this implementation rule is again the fact that it tends to categorise interventions according to specific states of cumulative deprivation without considering that social intervention should be triggered by the situation of need *tout court*. All these differences create a fragmented scenario within which long-lasting benefits are granted only to the elderly (above age 65) to the disabled and to minors, i.e. to categories (or groups) for whom there are already legislative guarantees of support for most needs

at both the regional and the national level<sup>5</sup> Another important factor augments differences among municipalities: the *equivalence scales* used to determine the family threshold. They differ without any rationale from place to place.<sup>6</sup>

**Some basic problems.** The many differences in local social policies described above make it difficult to understand how social policy actually works in Italy on a local level and what its implications are for persons in a condition of need. This suggests some basic problems about extent to which poverty can be comprehended through social policy indicators.

A first problem results from the fragmentation of the policies, namely how to manage the information from the different territorial levels. How information is managed is a good indicator of the capability of welfare systems to produce knowledge useful to evaluate their own intervention as well as to influence the policy-making process. From this point of view, the situation in most Italian municipalities is very poor, both quantitatively and qualitatively. There are of course some exceptions (e.g. Turin is one of the best examples, but also Bologna, Trento and Bozen), but the general situation is that the municipalities lack an informational system to monitor their policies. The ones which do have one produce different types of data based on the peculiarities of the municipality's policy design and differences of the local monitoring system.<sup>7</sup> This means that the municipalities really do not know exactly how many welfare recipients they have, who they are and what kind of problems they have.<sup>8</sup> In most cases there are of course information on expenditures, but at a very aggregate level

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5. The cultural heritage of the debate on the *deserving/un-deserving poor* is clear. The best protected are those who are not personally responsible for their condition, whereas the ones considered able to work (notwithstanding a possible structural unemployment crisis) have to cumulate conditions of need in order to receive benefits. The consequences of this distinction are shown in Table 2, p. 13.

6. For example, given the same conditions of need and the same available income of £ 1.000,000 [€ 516], a family's entitlement to the minimum benefit will depend on these scales. Bologna has one of the most generous scales, while Catania has a relatively *punitive* one. If we consider that in both cities the threshold for a single person is the minimum state pension (1996: about £ 650,000 [€ 336]), in Bologna a three headed family has a threshold of £ 1.751,500 [€ 904 ECU] against that of £ 877,500 [€ 453] in Catania. This means that in Bologna a family will still be formally entitled to a benefit with an income double than in Catania. In practice, however, things are more complicated: both in Northern and in Southern municipalities, the family is entitled to benefits only if other conditions of need cumulate with economic deprivation, for instance the presence of a minor or dependent elderly. In case of mere economic need, most of the municipalities do not automatically grant access to the benefit and the level of discretion is generally high. This level is even higher in the case of adults, who nearly everywhere are partially excluded from access to substantial benefits.

7. Some municipalities, for instance, monitor the number of payments, others monitor recipients. The data can be in terms of households, claimants or reference persons. The kind of additional information (socio-demographic, labour-market related, etc.) considered in each context varies considerably. Cases can be organised into centralised archives or decentralised ones, on paper or on computer. In many cases there is no annual statistical report at all. In shorts what is lacking are homogeneous criteria, which in turn are lacking because the policies themselves differ from one another substantially.

8. Of course they have a general idea of the situation, but this is supported in most cases only by qualitative information of the social workers out of their case-by-case perspective. The situation is of course better in small municipalities where the situation is more surveyable. At the regional level the situation is, on the contrary, very problematic, because even within the same region municipalities have different policies and produce different data. For most variables regional or national data do not exist, except for data on expenditure, but without any information about recipients.

without any (or with only limited) socio-demographic data on recipients. A consequence of this complex situation is that numbers cannot be used as comparative indicators of the seriousness of social problems at the local level. High numbers of recipients can be an indicator of both a socially deprived as well as a generous municipality. On the other hand low numbers of recipients can indicate either an unproblematic situation or restricted access to benefits. For these reasons, it is important to understand the institutional embeddedness of poverty patterns and the implications this has, particularly when trying to understand their territorial differences.

Related to this is a second problem: the high concentration of poverty in the South and the problematic organisation of social policies in the South: both regions and municipalities, evince a weak structure of entitlements and services. The benefits are of shorter duration, some groups (single adults) are totally excluded from all benefits and the social services are chronically understaffed. Access to the benefits is more restrictive and there is a much greater degree of discretion. In many cases regulations are not implemented and there are practically no monitoring systems. In the municipalities of the North the situation is better but not as good as one would expect when reading the regional framework laws, in which principles are stated.

Table 1, p. 6 summarises the main differences between Sozialhilfe and the Minimo Vitale. How these differences might affect social assistance patterns on a local level is difficult to assess. In summary, we can say that the main difference in the two countries' social assistance patterns concerns access criteria to minimum income support and the underlying mechanisms of regulation and recipient selection. While in Germany access is granted to all people in a condition of need, this is not true in Italy. Some groups access benefits more easily than others. This inequality follows, as stated above, the lines of the deserving-undeserving distinction and institutionally consolidates the potential paths into poverty and restricted eligibility for income support.

### **2.3. Local differences and consequences for patterns of welfare use**

The significant difference existing in general on the national level, do require some specific clarification as soon as we consider the local level. The existing fragmentation, in fact, allows us to identify several possible patterns of social assistance receipt in Italy with corresponding institutional differences. Table 2 shows the institutional dimensions of the cities considered in this contribution, namely Milan, Turin and Bozen for Italy and Bremen for Germany. Before continuing with the empirical analysis it would be useful to summarise these dimensions and reflect on their potential impact on social assistance patterns.

Table 2: Local Differences within Minimum Income Programs

Categories	Milan	Turin	Bozen	Bremen
Legal or normative basis?	Regional law LR 1/86 and local deliberations	Regional laws LR 20/82 and LR 62/95 and local deliberations	Provincial law LP 13/91 (deliberation 6998 from 1992)	National law (BSHG) from 1962
Legal right or discretionary measure?	It is a right, but implemented with a varying level of discretion: medium in Milan and low in Turin		It is a right and discretion is related to <i>ad hoc</i> extraordinary payments	It is a right and discretion is related to <i>ad hoc</i> extraordinary payments, adequate rent and obligations to work
Entitlement legally enforceable or subject to bargaining?	No, important role of individual bargaining	No, relatively important role of individual bargaining	No prescription, important role of individual bargaining related to extraordinary payments.	Yes, before the court
Agencies which are responsible for administering	Municipality (which organises social services around specific categories: families with minors (SSMI); adults (UAD); the elderly (CADA, INPS). The Province plays an important role in the case of minors.	Municipality (social services are run by area social units which are responsible for providing services in the various city districts)	Municipal districts (several municipalities managed together)	Municipality of residence
Financing	Regional budget administered by the municipality		Provincial budget administered by the municipality	Municipal budget
	fixed budget	fixed budget	fixed budget	demand budget
Target population: categorical or universal measure; individual or family	Categorical measure; addressed to the household (in the sense that the threshold for a condition of need is based on household income)		Universal (means-tested) measure; addressed to the household (any individual in a condition of need, but family budget is considered)	Universal (means-tested) measure; addressed to the individual (household budget is included in evaluation of the condition of need)
Age-limits	All persons age 18–60 as well as households lacking a minor are taken care of by the UAD. All minors age 0–18/21 as well as households with such minors, can be taken care of by SSMI (jointly managed with the province). Older claimants are taken care of by CADA and INPS	Depends on the program: MV (elderly, physically and mentally disabled, ...) MA (adult able-bodied); MLP (families with minors or “highly motivated” households who want to exit the condition of need).	No age-limits	No age-limits

Table 2: Local Differences within Minimum Income Programs

Categories	Milan	Turin	Bozen	Bremen
Income thresholds below which entitlement applies. Does income threshold vary in particular cases?	Corresponds to the monthly amount theoretically paid in the case of “0” income. Threshold varies according to the target population		£ 578,000 [€ 299] is the basic amount. For a single person the amount is 120 % of this.	Corresponds to the monthly amount paid in the case of “0” income. Threshold varies based on household structure and housing costs
By whom is the income threshold assessed/checked?	Social workers	Social workers and traffic policemen	Administrative staff (technical payment committee)	Administrative staff
Amount of basic monthly measure for an individual	MV: £ 685,000 [€ 354]* or MA: £ 520,000 [€ 269] depending on the target population		MV: £ 678,000 [€ 350]	DEM 539 [€ 276] = 1997 standard rate
Basic supplement for: housing costs, heating costs, special needs (invalidity...), single parents	Housing costs are considered in the determination of the MV threshold. The consideration of other costs is at the discretion of social worker		Housing costs and heating costs are added to the basic amount	Housing costs, heating costs, extra needs (disability, old age, pregnancy, handicapped, illness, single parents) are added on demand.
How long between initial request and actual first payment?	40–60 days, depends on the category	30 days	30 days	if necessary immediately
Duration of entitlement: is there a maximum duration, even if one’s income remains below the threshold?	Officially no, but depends on the target population. For adults usually 3–6 months a year. For families with minors about 6 months per year.	Depends on target population	Formally, maximum duration 6 months per year. For the elderly one year. Duration of receipt is extendable for proven reasons	No maximum duration
Criteria for retaining entitlement: are there other requirements (besides income criteria) for remaining entitled?	Yes (qualified need, i.e. cumulation of different conditions of need, e.g. health problems ...), willingness to work	Yes, willingness to work	Yes, willingness to work	Yes, willingness to work
Is there a system for monitoring administration of income support?	On paper yes, but not very efficient	Yes, centralised and automatised	Yes, but only with few variables	Yes, automatised at both the national and local levels

Explanation: MV = Minimo Vitale, (\*) Corresponds to the Minimum Contributory State Pension 1997 (INPS).

One distinct dimension concerns persons who are entitled to the programs. On the one hand, there are universal welfare programs open to all residents and non-residents (e.g. refugees) able to demonstrate they are in need, incapable of helping themselves and lacking support from third parties. This is the type of welfare program practised in Bremen and also partly Bozen. On the other hand, there are categorical welfare programs that are targeted at specific groups of residents. Under these programs, households have to qualify their conditions of need according to specific criteria (age, single parenthood, etc.) in order to become eligible. An income below a poverty or social assistance threshold is not always a sufficient criterion to be entitled to the program. Such categorical welfare schemes are implemented in Milan and Turin.

This varying dimension also implies relevant differences not only in the chance of becoming eligible for social assistance but also in the risk of remaining on it. In universal welfare regimes, all persons only have to demonstrate that they have a low or lost income and the reciprocity episode could be either a short-term or a long-term one, because all persons restricted in their ability to overcome such an income problem are potential recipients. As a consequence, the heterogeneity of recipients is very large, as is the variation in the time they spend receiving social assistance, i.e. being dependent on minimum income support. In categorical welfare regimes, on the other hand, we can assume that the duration of receipt is longer. Recipients have to meet specific distinctive criteria, like the cumulations of need, in order to become entitled to basic financial support. We can thus assume that those recipients – with less capabilities – have a higher risk of remaining on benefit.

For recipients of income support within a categorical welfare regime, social assistance has the main function of providing basic financial support. This support, in turn, renders recipients more marginalised and socially excluded. For recipients in a universal welfare regime, social assistance receipt does not necessarily have only such a narrow function. For those who are waiting to switch to unemployment assistance or other social insurance benefits, social assistance receipt has the function of a “waiting room” which recipients have to traverse. This is the type of welfare receipt that has gained in significance in Bremen since the 1980s and in Bozen in the 1990s. In Milan and Turin this is true only for a small proportion of recipients waiting for an invalidity pension. The number of these recipients grows to the extent that other public agencies are unable to pay out benefits to applicants in a quick way. Most recipients, however, live on benefit only until they find an opportunity to terminate reciprocity. Living on social assistance is for them like waiting for a start on a launching pad. Due to the better labour market conditions in Bozen, this subgroup might be more numerous in this region. Only for a small group of long-term recipients social assistance has the function of a ‘holding tank’. These are people who have to adapt their lifestyles to the condition of being dependent on welfare over the long term. While the number of recipients belonging to this subgroup is relatively small in universal welfare programs, they are supposed to be the majority in categorical welfare regimes due to preselection of recipients with cumulated disadvantages (illness, long-term unemployment, deviation, prison etc.). However, this does not automatically imply (as we have seen) that they are entitled to long-term benefit.

Another important characteristic of these income support policies which might substantially impact the social assistance patterns is the form of welfare financing. In general,



funding for minimum income support programs is ‘demand-oriented’. A demand-oriented social policy requires deficit spending. This is how income support is administered in Bremen and partly in Bozen. In Milan and Turin, on the other hand, funding for minimum income support programs is ‘budget-oriented’. A budget-oriented social policy only allows welfare spending within a given budget: the smaller the budget for a social assistance program, the lower total benefits will be.

With these different funding modes in mind, we can make some assumptions regarding to the possible impact of this dimension on the time spent on benefit. We can expect that, in general, a budget-oriented welfare funding regime will decrease the time spent on benefits. The fixed budget does not allow any kind of generosity in allocating benefits. On the other hand, a demand-oriented welfare financing modus might produce longer periods of dependency on minimum income support.

A further dimension shaping the impact of minimum income support programs is the potential duration of benefit receipt and how this is administered in practice. Like most universal welfare regimes, the social assistance program in Bremen does not specify a maximum period of eligibility for basic financial support. Conversely, the categorical welfare regimes in Milan and Turin stipulate maximum benefit periods for specific target groups. Within Bozen’s universal welfare regime such maximum cash periods exist as well. In Bozen, however, this instrument is applied principally to the foreign born population, and only to a lesser extent to the autochthons. In Milan and Turin, this instrument is also used to contain welfare spending within the given annual budget. Consequently, the duration of receipt episodes frequently varies in the second half of the year, and payments are often terminated in December also for budget reasons. Even in Bozen, where welfare spending is less budget-restricted, we find a frequent practice of terminating payments at the end of the year.

We can therefore assume that time spent on benefit is shorter in welfare regimes which stipulate a maximum duration of receipt. It varies, though, according to the level of administrative discretion. We can thus assume also differences between Milan and Turin. Bozen’s practice of applying maximum limits for benefit receipt differentially – i.e. mainly to foreign born recipients and only to a lesser extent to autochthons – would likely cause benefit episodes to decrease and increase for these groups respectively. In any local welfare regime in which the duration of payment is limited, therefore, this period tends not to last as long as the condition of need. In Bremen’s social assistance program there are not such limitations and the time on benefit depends on the condition of need. This produces a large variation in time on benefit.

When one ranks income support on a scale of generosity, Bremen and Milan form opposite poles: Bremen occupies the highest rank, Milan the lowest, closely followed by Turin. Bozen occupies a middle position on this scale, as it is a mix between the North Italian urban welfare regimes and the German model. Access to income support in the Bozen context is less categorical and less discretionary than in all other Italian cities.

Given the relevant differences described above, we assume to find also relevant differences not only concerning the risk of becoming a recipient but also of remaining one. These differences suggest that each minimum income support program must be seen as an outcome of the city specific policy to combat poverty and administer welfare. This does of course not

mean that the socio-economic context does not matter, but that its effects are mediated by the institutional design of the social policies existing at the local level. In the light of these assumptions, in the next sections of this contributions we will analyse the patterns of social assistance. The focus will be on how the initial status of entitlement to minimum income support affects not only the length of the dependency episodes, but also the probability of either individual escape from or administrative termination of benefit receipt.

### **3. Investigating the outcome**

#### **3.1. Introduction and method**

We start from the assumption that the analysis of the periods persons rely on welfare will tell us something relevant on the outcome of local income support policy. We can assume, that welfare use lasts only a limited time over the life course. Therefore we have to distinct between the duration of the episodes and its number. In our approach we will look primarily on the duration. The theoretical problem it is how to construct such episodes of welfare use on the base of the payment spells and to handle the spells without payment between this benefits spells. There are two common possibilities of constructing episodes:

*Total time concept:* In this concept, only the time with payment is assumed as important. Therefore a summation of the payment spells to one episode makes the total *net duration* of welfare use. The underlying assumption is, that spells without payments are not relevant. Contrary to this in another approach the spells without payments between payments spells are seen as relevant as the payments spells itself. Therefore the total time between first and last payment within a given observation period constitute the *gross duration* of welfare use. These approaches are used e.g. by Buhr 1995, Buhr and Leibfried 1995, Buhr and Weber 1996.

*Spell concept:* The underlying assumption is, that spells without benefits between payment spells might be the first steps to become independent of welfare use. Therefore the sequence of payments spells and the difference in the length of the spells without payments are relevant for the construction of episodes. According to this this payment spells should be combined in a way, that a given time without payment makes a distinction between first and subsequent episodes. This approach is used e.g. by Voges et al. 1996, Voges 1995.

The analysis for this study will follow the spell concept. The first approach is based is close the sequence of payments spells. These episodes – called cash episodes – end when they are followed by a period of at least two months of non-recipientcy. However, terminating social assistance payments does not, of course, always mean that the household in question has left a condition of economic need. For this reason, we constructed episodes of dependence on minimum income support considering an initial episode of dependence as being terminated only if persons received no social assistance benefit for a subsequent period of 12 months. This second approach reflects our view that an episode of dependence

on minimum income support does not end if one cash episode is soon followed by another. Thus in this approach we made the assumption that there must be a period of at least 12 months of non-receipt to end a dependence episode. This figure derives from an analysis of Germany (cf. e.g. Rohwer 1992) based on the GSOEP (German Socio-Economic Panel). According to this perspective, an episode of dependence on minimum income support is thus defined as the period on payments plus twelve months, i.e. the estimated time necessary to overcome the condition of need. When we consider the length of the dependency episodes, however, we consider only the sum of the periods spent on benefit included within one dependency episode (net cash duration).

In synthesis, in order to analyse the outcome of local welfare policies we use the temporal patterns of reciprocity more as an indicator of the structuring of institutions than as an indicator of the persistence or of the termination of need. This does not mean of course that the relationship to the condition of need will not be considered, but that its meaning will be framed differently. The analysis will be based on longitudinal social assistance micro data derived from administrative files in the selected cities (see appendix, pp. 35).

### 3.2. Temporal patterns of welfare use

**Time on benefit.** Table 3 (left side) shows the median duration of welfare recipients' cash episodes. Those in Bozen were significantly shorter than those in Bremen, Milan or Turin. Whereas the durations of recipients' first two cash episodes differ significantly between Bozen and Bremen, from the third episode on differences in duration become negligible. The differences in cash-episode duration between Bozen and the other two Northern Italian cities, on the other hand, remain significant throughout. In Milan and Turin some recipients have experienced more than five cash episodes; this result must presumably be relativised in light of the varying number of cases in the different data sets. How are these denotions to be interpreted? Do the nearly identical durations of Bremen and Turin mean the same? And does the apparently good performances of Bozen mean the same as the apparently good performance of Milan? As we have seen in the previous sections, we cannot infer in all cases that a short duration is an indicator of good performance. In fact not always short reciprocity stays for a short period of economic need. The reasons for short reciprocity can be many; they range from constraints and discretion of social workers. As far as the first cash episodes are concerned the shorter one in Bozen are related to the good performances of the labour market which shows one of the lowest unemployment rates in the industrialised world (1997: 2,7 %), but also, as we will see in the following sections, to a peculiar way in which social workers are handling first cash episodes. Also in Milan the labour market is relatively dynamic, but the shortness of the cash episodes is mainly related to a mix of the good socio-economic context and the budgetary constraints which limit the access to the benefit. Also the longer cash episodes in Turin are the result of such a mix, however industrial restructuring hit the city more than Milan and social services are better organised and ruled with less discretion. Bremen's longest first cash episodes are not directly comparable with the other Italian cities considered.

The patterns of welfare receipt in terms of dependence episodes give us partly a different picture. For Bozen's recipients, a brief cash episode was often followed by a renewed

Table 3: Median Duration of First and Subsequent Cash and Dependence Episode

Episode No.	Cash episode <sup>a</sup>								Dependence episode <sup>b</sup>							
	Duration				Distribution				Duration				Distribution			
	HB	BZ	MI	TO	HB	BZ	MI	TO	HB	BZ	MI	TO	HB	BZ	MI	TO
1st	4.7	2.5	3.9	4.6	100.0	100.0	100.0	100.0	7.3	5.1	5.6	9.1	100.0	100.0	100.0	100.0
2nd	4.6	2.4	4.7	5.6	25.0	32.0	34.8	49.2	9.6	4.0	5.5	8.5	11.1	16.3	11.1	14.9
3rd	2.3	3.0	3.9	5.8	3.3	14.5	12.3	13.8								
4th	3.3	3.7	4.9	5.7	1.7	4.0	3.4	3.7								
Cases					848	315	832	1100					848	315	832	1100

<sup>a</sup>Median measured in months since commencement of payments. <sup>b</sup>Median time dependent on minimum income support within the observation period in months.

Explanation: HB = Bremen/Germany; BZ = Bozen/Italy; MI = Milan/Italy; TO = Turin/Italy. Medians computed according to Product-Limit-Estimation.

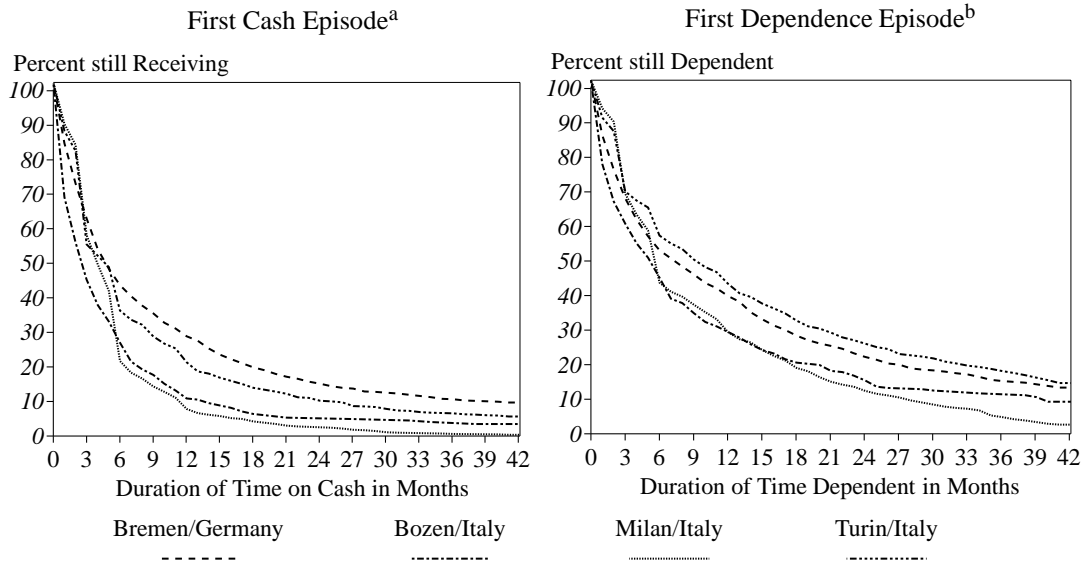
Source: cf. details in the appendix, pp. 35

episode within the same year, yielding phases of dependence which are indeed much longer than the cash episodes themselves (Table 3 right side). Seen in terms of the duration of dependence episodes, then, no sizeable differences between recipients in Bozen and Milan remain. When we compare their welfare recipients' duration with those of Turin, we see that recipients in Turin evince a much higher risk of remaining needy over the long-term. In Bremen, the first dependence episode is already much longer than in Bozen, and with the second episode this difference becomes even greater. The significantly shorter second episode of Bozen's recipients points again to the better local conditions there for overcoming a condition of need without public income transfers. These patterns of dependence are determined by the interplay of the minimum income support programs with the combined effect of administrative practices and characteristics of the needy individuals themselves and their differential job prospects in local job markets.

Precisely this variance in the temporal dynamic of social-assistance payment and receipt forces us to examine household characteristics which could also play a role here as well as to consider the differentiation of the institutional design and its impact on them. Figure 1 is suggestive in this regard, for it becomes evident that households on social-assistance tend at first to exit the program relatively quickly, but then ever more slowly. This means that the longer a household has been in a specific cash or dependency episode, the harder it becomes to leave it. The cities under study differ considerably in this respect. While in Bremen and Bozen numerous households leave assistance shortly after their entrance into the program, households in Milan and Turin exit the program most often after three, six or twelve months.

When one looks only at the duration of these cash or dependence episodes, one overlooks an important phenomenon, namely, that markedly varying social-assistance dynamics characterise different households. This can be portrayed simply through survivor functions. We focus here on the first episode, since most studies ascribe it with a type of 'gate-keeping' function for the rest of a social-assistance career. Figure 1 contains survivor functions for cash and dependence episodes. Independent of the constitution of the episode, the duration of receipt/neediness is remarkably brief for certain households. Yet a by no means incon-

Figure 1: Survival of Cash and Dependence Episodes in Germany and Italy



<sup>a</sup>A cash episode is terminated if it is followed by at least two months of non-receipt. <sup>b</sup>A dependence episode on minimum income support includes the time on social assistance payments plus an estimated period necessary to overcome the poverty gap. A dependence episode is assumed to have ended after twelve consecutive months of non-receipt.

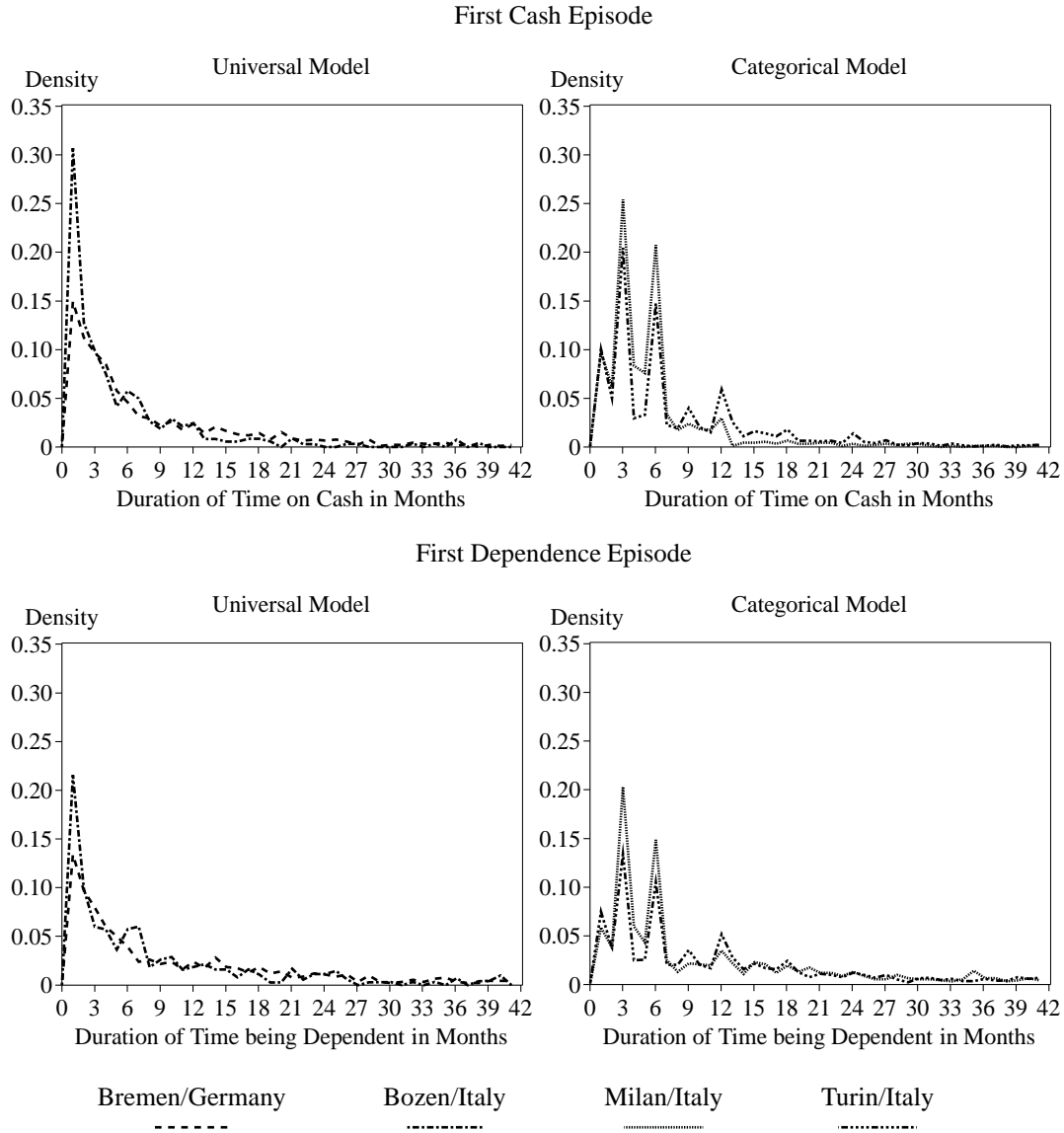
Note: Duration measured with product-limit-estimation.

Source: cf. details in the appendix, pp. 35.

siderable share of households remains dependent on minimum income support over the long term. Most evident is the lack of a simple answer to the question of whether social-assistance receipt/neediness is more of a short or long-term phenomenon in the cities under study.

With the help of a density function this phenomenon can be portrayed in more detail, and its causes start to become more clear (Figure 2). The density function depicts the probability that an event terminating social-assistance receipt will occur within a certain time interval. The probability of exiting after one month is particularly high in Bozen. This is attributable first of all to the fact that case workers pay relatively generously for a first short episode, using the month of their disposal to better evaluate the condition of need of the claimant. A second cause of Bozen's early exits – besides the good labour market conditions – is the temporal cap which the city places on social-assistance payments to non-autochthons (cf. Table 4, p. 24). In Milan and Turin the probability of exiting the program after three, six or twelve months is more than twice as high as it is for recipients in Bremen and Bozen. These transitions out of dependency are a clear expression of specific – mainly restrictive – social-policy objectives with respect to the temporal provision of social assistance (Table 2, p. 13). Although these objectives formally exist also in Bozen, they are not reflected in actual patterns of social-assistance receipt there. Here case workers commonly make use of provisions that allow longer-term provision of social assistance to the autochthons population.

Figure 2: Density of Termination of Cash and Dependence Episodes in Germany and Italy



Explanation: cf. for details Figure 1.

**Perpetuation and Welfarisation.** One of the ways in which the efficiency of a social-assistance program can be measured by considering the extent to which it succeeds in rendering recipients independent from transfer payments. In order to determine the extent to which local welfare regimes fulfil this objective, or conversely, the degree to which they manage to hinder a perpetuation of benefit receipt or neediness, we will examine in more detail those recipients in each city who are still on benefits after twelve months. Figure 1 (left side) reveals that after one year, in Bremen 29 %, in Turin 21 %, in Bozen 11 % and

in Milan 8 % of initial recipients are still on benefits. Judging from this first cash episode, one could conclude that the chance of dependency becoming self-perpetuating is greatest in Bremen. Since these cities differ in terms of the opportunities they offer to make ends meet without basic financial support, a rapidly ended first cash episode and brief period off benefit can be followed by a second cash episode. It is therefore advisable to shift the level of analysis to dependence episodes. These reveal the extent to which households succeed in supporting themselves over the long term without transfer payments. Figure 1 (right side) shows that after twelve months, in Turin 43 %, in Bremen 40 % and in Bozen and Milan 29 % of initial recipients remain needy.

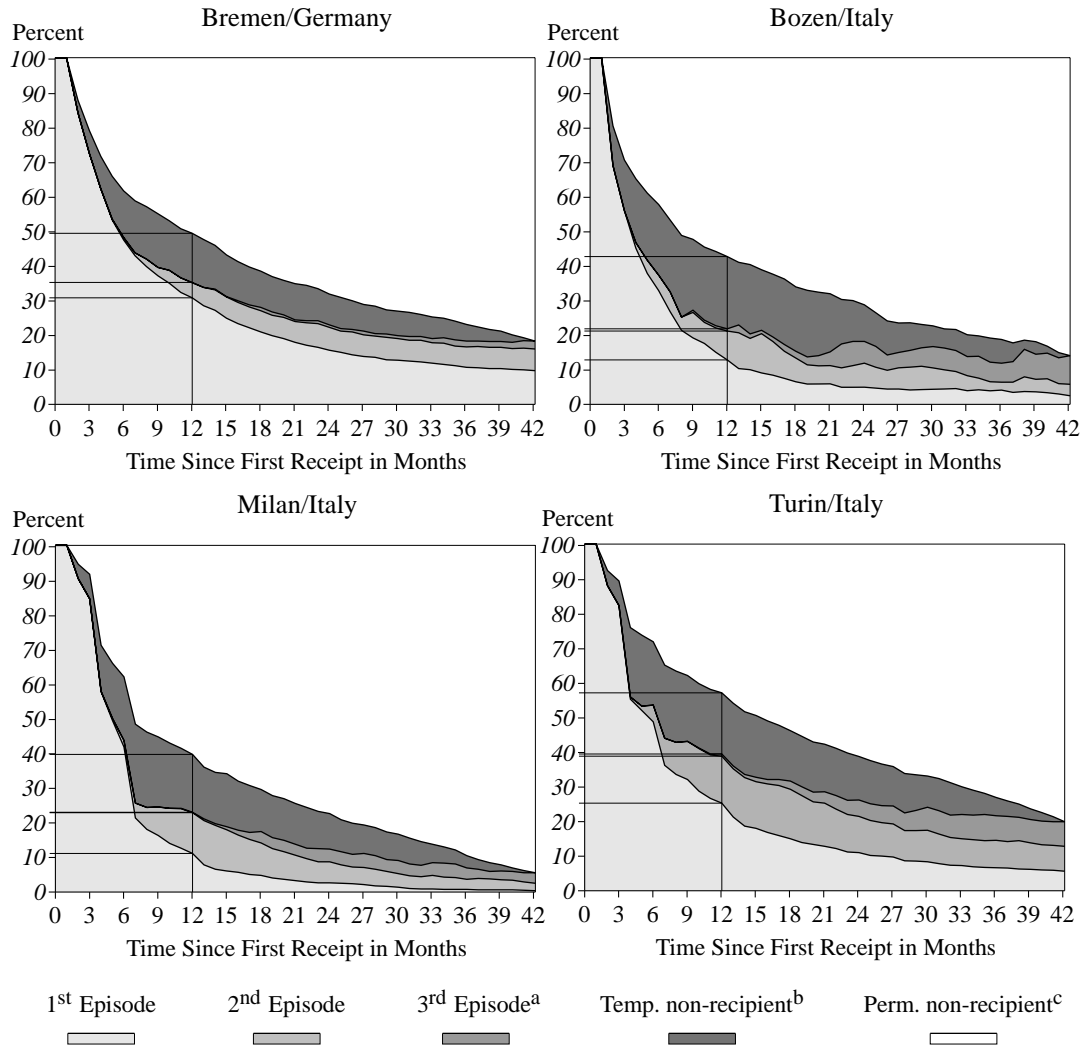
Given that dependence episodes in these cities differ on roughly the same scale as did cash episodes, we can assume that the differences among the local welfare regimes have no significant effect on dynamics of perpetuation and welfarisation. When we look at the proportion of long-term needy, however, in terms of the varying constitution of episodes within the cities, clear differences emerge. Whereas in Bremen the share of long-term needy – when viewed in terms of neediness instead of benefit receipt – rises a mere 11 %, the share in Bozen rises 18 % and in Milan and Turin 22 %. The precipitous termination of a first cash episode in the Italian cities does not lead to long-term independence from transfer payments. The ratio of long-term social-assistance recipients is no doubt higher in Bremen. In cases where these long-term recipients finally manage to exit the program, however, they are much less likely to experience a relapse into dependency. Indeed, we have observed this phenomenon in our investigations of the social-assistance patterns of lone mothers in Bremen (cf. e.g. Voges, Buhr and Zwick 1996).

Until now, we have only looked at households that were still on cash payment, i.e. still dependent on minimum income support. Another way of evaluating the local welfare regime in combating poverty is to analyse not only the first cash episode, but the succession of cash episodes and non-cash episodes within a given observation window. With this analytical approach, it is possible to identify those households which are already on a subsequent cash episode as well as those which are, at a given point in time, no longer on payments but will return to them later. This approach allows us to evaluate the effectiveness of local welfare programs in preventing recurrent benefit episodes, i.e. in combating further falls into poverty.

To capture subgroups with a higher risk of recurrent cash episodes we again use the 12-months to distinguish between transient and persistent recipients. Persistent are those who remain on benefit after longer than one year. In Bremen, after a period of twelve months, about 31 % of the recipients are still on their first cash episode while another 4 % are already on their second episode. Similar to social assistance patterns in Bremen are those in Turin. After one year 25 % of the observed population are still on a first cash episode while another 14 % are already on a second episode. Conversely, recipients in Bozen and Milan evince more transient social assistance dynamics. Only 11 % of Milan and 13 % Bozen recipients remain after twelve months on benefit. A further 12 % in Milan and 9 % in Bozen are already on a second episode.

The impact of the local welfare regime on recipients' ability to become independent of minimum income support can be seen with particular clarity by looking at those who are, at a given point in time, no longer receiving payments but will return to them later. After

Figure 3: Proportion in First and Subsequent Cash Episodes by Time since First Receipt



<sup>a</sup>This also includes recipients with four or more cash episodes. cf. Table 3, p. 18. <sup>b</sup>Person who is not receiving payments at this point in time, but will be within the 42-month observation period. <sup>c</sup>Person will not receive payments again during the observation period.

Source: cf. for details pp. 16

one year in Bremen, 16 % were such temporary non-recipients. This figure is about 17 % in Milan and Turin. For Bozen a 21 % share of temporary non-recipients was observed, a figure significantly higher than those in the other cities.

If we take the proportion of recipients on first and subsequent episodes as well as the proportion of temporary non-recipients as an indicator for the effectiveness of the local welfare regime, we could assume that the most effective minimum income support program is to be found in Milan. A small proportion of recipients on first and subsequent episodes and



small proportion of temporary non-recipients could be seen as an outcome of an effective social assistance program which combats and prevents poverty in the best way. On the other hand, the local welfare regime in Turin can be seen as less effective, whereas Bremen and Bozen have a middle position. However, this interpretation is partly misleading. In fact high budget constraints and a restrictive use of temporal limits for reciprocity produces the fiction of an effective social assistance program. But, as we have seen in the previous sections, social assistance dynamics are not self-explanatory and they can only be interpreted in the context of the local welfare regime.

For these reasons we cannot say that universal local welfare regimes, due to their imputed generosity evoke stronger processes of welfarisation among recipients. The high proportion of long term recipients found in the comparison of the cash and dependence episodes and the cumulated distribution of cash and non-cash episodes can be seen as an indicator that there are stronger tendencies of welfarisation within the cities with a categorical local welfare regime. The distinct differences in the dependence episodes between Bremen and Bozen must be seen in the light of the different labour market conditions and changes to stay on work earned income.

### **3.3. Characteristics of recipients**

For the further analysis we will use in a first step the demographic characteristics of the recipients as indicators of the varying risk of becoming a welfare recipient (or of the chance of getting minimum income support). In general the distribution of the sub-population within population of the given city is considered. However, for some cities, this could not be done because of missing data on the reference population. Due to this and the eligibility filter of the local income support programs, the characteristics of the recipients could only be used as a kind of proxy-indicator for risks (or opportunities) of welfare use. This will emerge very clearly when we look more precisely at the reasons for entering welfare and taking-up benefits. In fact, when only demographic characteristics and the reasons for starting welfare use are analysed, it is not possible to make precise assumptions about the persons' risk (or opportunity) of staying on benefits. With demographic characteristics one could only get a raw impression for causes of welfare use.

**Gender of Head of Household.** With respect to gender-specific social-assistance patterns, it is often assumed that households headed by a woman are at greater risk not only of entering welfare programs, but also of remaining in them. It is further assumed that in conservative welfare states (as opposed to the Scandinavian, social-democratic welfare states), the administration of benefits still operates on the 'male breadwinner principle' which assumes a male head-of-household. One of numerous absurd consequences of this administrative principle is that even in cases where a male head-of-household – e.g. due to a prolonged hospital stay – does not reside in the home, he is treated as the breadwinner. This practice leads to a systematic underestimation of the share of female-headed households among welfare households. When, on the other hand, women appear on the form as the principal applicant and head-of-household, specific problem-situations as well as a greater risk of long-term need can be assumed.

*Table 4: Duration of First Cash and Dependence Episode by Characteristics of Recipients*

Characteristics		Cash episode <sup>a</sup>				Dependence episode <sup>b</sup>				Distribution <sup>c</sup>			
		HB	BZ	MI	TO	HB	BZ	MI	TO	HB	BZ	MI	TO
Gender	Men	3.8	2.8	4.1	3.6	5.5	5.4	5.6	7.3	64.4	51.7	65.0	59.0
	Women	7.5	2.2	3.7	5.4	10.6	5.0	5.5	12.0	35.6	49.0	35.0	41.0
Age	18–24	5.9	4.2	3.9	4.5	8.5	5.4	7.5	7.8	34.9	10.5	6.1	11.0
	25–34	4.9	2.7	4.5	3.1	7.8	5.7	7.4	7.9	36.2	31.7	29.1	35.8
	35–44	3.1	2.1	3.9	5.0	3.9	5.4	5.7	8.9	18.4	24.4	27.0	23.5
	45+	5.3	2.3	3.3	5.4	8.8	4.3	5.2	12.0	10.5	33.3	37.7	29.7
Nation	Native	3.9	2.6	4.0	5.1	6.6	5.2	5.6	9.6	57.8	97.8	86.9	83.2
	Foreign	6.7	0.7	3.0	3.0	8.3	0.9	5.5	7.1	26.3	2.2	13.1	16.8
	Resettler	4.8	—	—	—	7.5	—	—	—	15.9	—	—	—
Children	None	4.0	2.5	2.8	5.2	5.9	5.5	2.9	11.5	71.3	67.0	41.3	59.9
	One	7.9	2.9	5.0	4.7	13.1	5.1	9.1	9.1	16.9	19.4	23.0	21.1
	Two +	5.5	2.4	5.1	5.3	9.0	4.1	10.3	8.9	14.7	13.6	35.7	19.0
Type of Household	Single Person	3.8	3.0	2.8	5.5	5.2	6.8	3.0	12.5	40.9	47.6	26.0	29.9
	Person+Family	4.6	2.1	4.0	4.2	7.8	3.9	5.7	7.7	22.5	34.6	45.1	36.1
	P+No-Relatives	4.9	—	2.5	5.2	6.7	—	2.6	12.8	24.1	—	2.8	13.0
	Lone Parents	11.3	2.0	5.2	5.7	13.9	4.7	11.0	11.7	12.4	17.8	26.2	21.0
Begin Reason	Work Loss	3.0	2.8	2.8	5.1	4.1	5.3	3.3	12.8	50.8	68.3	24.4	32.4
	Other Reason	8.4	2.1	4.5	4.3	11.3	4.8	6.3	7.9	49.2	31.7	75.6	67.6
Number of cases										848	315	832	1100

<sup>a</sup>Median measured in months since beginning of reciprocity. <sup>b</sup>Median of time being dependent on social assistance within the observation period in months. <sup>c</sup>in percent

Explanation: Characteristics measured at the beginning of reciprocity. HB = Bremen/Germany; BZ = Bozen/Italy; MI = Milan/Italy; TO = Turin/Italy. Medians computed according to Product-Limit-Estimation.

Source: cf. details in the appendix, pp. 35

In Bremen, Milan and Turin, male heads-of-household clearly predominate among welfare recipients (Table 3, p. 18). In Bozen, these gender differences are negligible. Since in Bozen the problem-constellations often associated with female welfare need (lone mother, multiple children) are not disproportional represented, we can assume a latent gender-specific orientation of the Bozen welfare administration. This could result in comparatively less imprecision in the Bozen administration's registration of the gender of the 'real' head-of-household.

A longer median duration of receipt for female-headed households in Turin and above all in Bremen points to women's greater risk of remaining on benefit. The longer duration of receipt in Bremen can be explained by the fact that these are often lone mothers or women living apart from their partners. In Turin, the limited data set allows one at most to assume that women's longer durations of receipt are related to the 'lone-parent' household form. In Milan and Bozen, women evince marginally shorter durations of receipt.

**Age of Head of Household.** With respect to age and social-assistance patterns, it is often assumed that older individuals are less likely to become recipients, but if they do, that they

are more likely to remain dependent over a longer period. For younger age groups, moreover, it is assumed that difficulties associated with the transition into employment raise the risk of entering the program as well as of getting trapped in a longer cash episode. Persons in middle age groups, on the other hand, are consistently imputed with good odds of overcoming welfare need. According to these assumptions, the durations of receipt must be high at both ends of the life course and low in the middle. Hence many observers refer to a 'U'-shape or 'bathtub' effect.

If we look first at the distribution of cases, we are immediately struck by the comparatively high proportion (35 %) of recipients in Bremen under age 25 (Table 3, p. 18). In other cities this age group constitutes one-tenth or less of recipients. Both in Bremen as in Turin, the 25–34 year-old age group constitutes the largest share of recipients. In Bozen and Milan, on the other hand, the 45-and-older group predominates. The causes of the unequal age distribution are manifold. The poor job market in Bremen has contributed greatly to the sharp increase in the proportion of young adult recipients there. This age group undoubtedly faces similar employment constraints in the Italian cities. Yet in the Italian cities, authorities both in the public sphere and in the welfare administration distinguish clearly between the 'deserving' and 'undeserving' poor. Younger age-groups tend to be seen in this context as 'undeserving' poor and hence form a smaller share of recipients than in Bremen or Bozen. The proportion of individuals in a potential familial phase (age 25–34), meanwhile, has risen in Bremen and Turin to one-third of recipients. This is attributable to the higher risk of impoverishment and welfare need among families with children living in the depressed economic areas. The high proportion of those 45 and older in Milan is a product of the special focus of that city's *Adulti in Difficoltà* (UAD) social-assistance program.

The 'U'-shape or 'bathtub'-effect in the duration of cash episodes can be seen to some extent in Turin, but with particular clarity in Bremen. The youngest age group often receives social assistance for extremely long periods both in Bremen and in Bozen. The longer cash episodes of the 25–34 year-olds in Milan can be explained by that social-assistance program's (SSMI) orientation toward families with children. Moreover, we observe among Milan's recipients a decreasing duration of neediness and also of receipt with increasing age. In Turin, on the other hand, the duration of dependence episodes increases directly proportional to age. Both these tendencies are presumably related to the slight differences of the two cities' institutional design and the different socio-economic context. More certain rights and a weaker labour-market jointly influence the longer permanence on benefits of elder persons.

**Nationality.** Usually social-assistance programs are oriented toward minimum income support for autochthons and other 'equivalent' population groups. Communes tend to adopt regulations aimed at hindering the non-native population from accessing such programs. Generally these administrative barriers are overcome only by persons whose problems are so grave that they no longer can come to terms with within their own social networks. Thus the few non-autochthons who receive social assistance are only the edge of an iceberg of poverty welfare need. Administrative hurdles prevent all but a fraction of non-autochthons from entering social-assistance programs, irrespective of the actual extent of their poverty.

Whereas in Bremen non-autochthons compose one-quarter of total welfare recipients, in Milan and Turin they only make up one-sixth to one-eighth (Table 3, p. 18). Indeed, the administrative practices toward non-autochthons appear fairly restrictive in the two Northern Italian cities compared to those in Bremen. This discrepancy is particularly striking in Bozen: here the existing non-native population is nearly invisible in the social-assistance records.

A similar pattern is visible in the statistics of who stays on social assistance. Whereas non-autochthons in Bremen (not counting resettlers of German origin from the former Soviet Union) remain on social assistance nearly twice as long as natives, non-autochthons in the Italian cities evince a much shorter median duration of receipt. The extremely brief cash episodes of non-autochthons in Bozen reflect that city's targeted, restrictive regulation for this population group. On the whole, the evidence suggests that the Italian social-assistance programs do not take care of their non-autochthonous population. The Italian cities do not differ significantly from one another in this respect.

**Children in Household.** All German studies agree that since the mid-1980s the risk of families with children needing social assistance has grown (cf. e.g. Hauser and Voges 1998, Weber 1997; Hanesch 1994). Often it is also assumed that the presence of minors increases the risk of needing welfare and above all of remaining on it. Our analyses of Swedish cities shows, however, that this assumption depends to a great extent on the local welfare regime (cf. Gustafsson and Voges 1998). In Göteborg, the presence of children proved not to be a significant variable affecting the duration of benefit receipt. In Milan and Turin, on the other hand, the existence of children is a precondition to gaining access to more generous social-assistance programs. Differences among all these cities in the proportion among recipients of families with children, and in their median duration of receipt, are thus inevitable.

If we first look at the share of childless households we are struck by the fact that both in Bremen and in Bozen this group makes up more than two-thirds of recipients (Table 3, p. 18). In Turin, too, more than half of recipient households are childless, while in Milan only two-fifths fall into this category. The smaller share in Milan results from the fact that there recipients are divided into two categories, and only for one of these are children a prerequisite to benefit eligibility. This helps explain Milan's higher proportion (more than one-third) of recipients with two or more children. Milan's other program category targets childless adults with socio-economic difficulties.

If we look at the duration of receipt, we see that in Bozen and Milan childless households evince shorter episodes. Again, in Milan this is presumably due to the social-assistance program's manifold restrictions. In Bremen, families with a single child remain comparatively long on benefit because these are lone mothers who often find themselves in multiple problem-situations. Besides these cases, we can observe no significant differences in time on benefit among families with different numbers of children. In Bozen, households with three or more children leave social assistance sooner than do childless households. We should note, though, that these are very small groups which apparently dispose of specific resources which enable them to exit the program and/or their condition of need relatively quickly.

**Type of Household.** The increasing heterogeneity of family forms has of course raised the heterogeneity of households and their difficulties (cf. e.g. Ostner and Voges 1995, Voges 1996). Nuclear families and lone-parent households have a greater risk of entering welfare. Long-term unemployment often drives the former into welfare, whereas the latter are most often not single but divorced or separated parents. It is estimated that about one-third of lone female parents live in relative poverty in West Germany, dependent on welfare, alimony and other transfer payments (on Germany as a whole see Frick et al. 1990). No comparable figures are available on Italy. It is estimated that ca. two-thirds of lone female parents in the Northern Italian cities live in poverty. However, they represent only 7,8 % of all families in poverty (CIPE 1996).

In the cities under study we observe clear differences in lone mothers' risk of entering welfare (Table 3, p. 18). They constitute one-quarter of recipients in Milan, and but only between one-tenth and one-sixth of recipients in the other cities. If we assume that in Milan the share of lone mothers in the residential population – and their risk of impoverishment – is not noticeably higher than in the other cities, then this group's higher welfare rate must be imputed to Milan's social-assistance program SSMI, which does not hinder lone mothers to claim benefits.

Whereas households consisting of unrelated persons (e.g. long-term relationships, roommate situations) make up one-quarter of recipients in Bremen and in Turin more than one-tenth, this group is comparatively insignificant in Milan. This is most certainly due to the pre-selective function of the social-assistance programs there, a function which tends to exclude there claimants from access because "undeserving". This household form is conspicuously absent in Bozen. In Milan, nuclear families compose nearly half of recipients, in Bozen and Turin more than one-third. The lower share of nuclear families among Bremen's recipients is presumably due to the greater potential of this family form to manage financial difficulties. Again, this result does not mean that in the other contexts the nuclear family has loss of self-help potential. It means rather that this type of family has more rights to access the income support measure.

The question of self-help potential is particularly relevant in the case of singles. It is generally assumed that the presence of more adults in a household translates into greater self-help potential. According to this logic, households with numerous adults have a lower welfare risk and, if they do need welfare, a lower risk of remaining on benefit over a longer period. Singles, on the other hand, should evince a higher welfare risk and risk of remaining on benefit longer.

Table 3, p. 18 illustrates that single households indeed constitute slightly over half of recipients in Bozen and 41 % in Bremen. In both Turin and Milan, however, only one-fourth of recipients are single. Due to the eligibility filters in these cities' social-assistance programs, multi-person households predominate. If one looks at household size as an indicator for entering welfare, then in Bremen and Bozen it would clearly be single households which, due to their lesser self-help potential, evince a higher risk of entering welfare.

If we examine the durations of welfare receipt, we are struck by the extraordinarily long cash episodes of lone mothers in Milan and above all in Bremen. The minimal difference between cash episodes and dependence episodes in Bremen indicates that lone mothers may indeed need welfare over a longer period, but that they ultimately manage to exit the

program for good. Lone mothers in Milan, conversely, evince a social-assistance pattern in which there is relative discrepancy between the duration of cash and dependence episodes. This suggests that although lone mothers there might remain in their first episode only over the medium term, they often relapse into welfare receipt within a year. A similar pattern of receipt can be observed among lone mothers in Bozen and Turin.

Considerable differences among these cities can be seen in terms of the patterns of receipt of households consisting of unrelated persons. The extremely brief median duration of receipt in Milan, the medium-length ones in Bremen and Turin together with the extraordinarily long dependence episodes in Turin point to the differential generosity in the granting of benefits to this household type. The nuclear families in Turin evince comparatively brief durations of receipt. The extraordinarily brief cash episodes of lone-parent and nuclear-family households in Bozen suggest that these groups leave welfare to enter some other assistance program. In Bremen, on the other hand, lone mothers evince extraordinarily long cash episodes, suggesting that they manage only with great difficulty to work and care for their children simultaneously or that they opt out of the market – to use an expression of Esping-Andersen (IPP).

Extraordinary differences among these cities can be observed in terms of the duration of receipt of lone mothers. In Bozen, single households evince considerably longer cash episodes, whereas in Milan the shortest durations of receipt can be found. In Turin, significant differences can be seen in the duration of receipt among the various household types. Due to this considerable variation, no relationship between limited self-help potential and risk of long-term welfare receipt can be derived from our findings.

**Reasons for Initial Episode.** Whereas the dynamics of welfare receipt strongly influence the possibilities of exiting the program (“learned helplessness”, the frustration thesis in job-search theory), the circumstances of entry into the program play an important role as well. Reasons for entry into welfare can seldom be explained monocausally, nor can this development be portrayed after-the-fact as inevitable. Rather, a combination of risks and opportunities over the course of time shapes a person’s biography. Such a multi-causal analysis allows us to discern the factors triggering impoverishment processes as well as structural impediments to the overcoming of welfare need.

We can distinguish between two kinds of triggering factors: those which can plague one in nearly any phase of life, and those which tend to afflict one in a particular phase. The first category includes events like job loss or the end of a long-term relationship or collective living arrangement (be it because a partner-roommate moves out or deceases). Examples of the second type of occurrence are the birth of a child or health problems related to degenerative diseases. The former increases the risk of impoverishment only if the parents are young, while the latter tend to limit one’s employment prospects from middle-age onward. In cases in which welfare receipt becomes self-perpetuating, the causes are to be sought in conditions which arise or intensify during the course of receipt. Thus reasons for entry lose significance for the explanation of patterns of receipt.

In order to reduce the complexity of the collaborating causes, we have summarised problems which led to entry into welfare, into categories such as divorce or separation, the

complete or partial lack of social-insurance benefits, illness or ‘other causes’. Since in all cities but Bozen and Milan the local job market drastically limits employment chances, job-loss was posited as a further causal factor.

The following observations on the causal factors constitute, as the above remarks suggest, only a first step toward a more complex analysis.

Both in Bremen and in Bozen, entry into welfare is closely connected with job loss (Table 3, p. 18). In Bremen more than half and in Bozen more than two-thirds of recipients entered welfare for this reason. In Milan and Turin, on the other hand, the majority of recipients entered welfare due to one of the manifold ‘other causes’.

Among the recipients who entered welfare due to ‘other causes’, those in Bremen evince the longest cash and dependence episodes. In Milan, too, this group remains much longer on benefit than do those who entered welfare due to job loss. Women from broken marriages and persons lacking sufficient social-insurance benefits presumably predominate among this group. Unemployment, on the other hand, proves to be an entry reason which correlates with short-term benefit receipt. This is less a result of the better job chances of the formerly employed than of their better access to other benefit programs. As already noted, no satisfying conclusions regarding the predominant cause in a specific case can be deduced from these factors triggering welfare entry because of a high stigmatisation.

In general, the analysis of recipient characteristics illustrates that some of the differences in the local patterns of welfare receipt can be explained with reference to each city’s peculiar mix of recipients. Independent of this, though, the question of the impact of the local welfare regime on these patterns of receipt remains.

### **3.4. The impact of the institutional framework**

A consideration of recipients their characteristics and periods on payments or of being dependent on minimum income support cannot, when it comes to the point, explain why some households quickly overcome this state of affairs and others not so quickly. In order to get an impression of the impact of income support policies in the different cities, it is necessary to control these determinants in a multivariate approach. Due to this we estimate the impact of the local welfare regimes on the risk of remaining in the first cash respectively dependence episode by controlling the characteristics of the recipients.

The impact of the institutional framework of terminating reciprocity respectively overwhelming dependency will be estimated with hazard rate models. The hazard rate describes the conditioned statistical risk of changing from a given state 0 to another state 1. We can regard staying with benefit as an origin state 0, the duration of the episode as a time variable  $T$  and their cumulative distribution as  $F(t)$ . With this we can estimate the propensity  $P$ , that an event occurs which terminate reciprocity until time  $t$  and allows recipients to change into the absorbing state 1, which means living without welfare benefit. Table 5 shows the results of the estimation in different hazard rate models (proportional hazard and piecewise constant estimation). A positive effect points to the fact that the propensity for remaining in the episode in the group under study is lower than in the reference group. At the same time, this means that the exit chances for this group have increased and they terminate their

episode sooner. However these coefficients are not self-explanatory and can only be interpreted beyond the institutional settings for local income support.

Firstly, let's take a look at the impact of income support policies. When controlling the characteristics of the recipients, the differences of the time on social assistance payment in Bremen and Turin disappeared. Due to the higher proportion of persons with recurrent cash episodes there are distinct differences on the social assistance dependence pattern between these cities. Recipients in Bremen have better chances of overcoming dependency than those in Turin. However their chances are not so high as for the recipients in Bozen. The restriction of the minimum income support policy in Milan with its budget constraints and temporal limits of reciprocity produces a figure if recipients in this local context have the best chances for terminating cash episodes and also overwhelming dependency easily. However this is an outcome of a so to say "less generous" local welfare regime. The estimation shows that the coefficients for the local welfare regimes are much higher than any of other recipients characteristics which indicate the huge impact of the institutional framework on social assistance patterns.

Looking on nationality we find in Bremen that the foreign born recipients stay longer on social assistance payments. However this does not mean that they have a higher risk of becoming long term dependent on minimum income support. As assumed the foreign born recipients have in the Italian cities less changes to bridge an income weakness with welfare benefits for a longer period.

Female-headed households and lone mothers have fewer chances of overcoming cash and dependency episodes than do other recipients. For single households the figures are somewhat different: whereas they have a significantly higher risk of remaining longer in cash episodes, they do not evince a longer total duration of dependency.

Recipients younger than 24 and older than 45 years-of-age have a greater risk of remaining both in cash and dependence episodes than do recipients in the reference group of 25–44 year olds. As other studies have already shown, families differ markedly in this regard depending on how many children they have.

Childless families prove less dependent on minimum income support than are other groups of recipients: they manage to leave cash as well as dependency episodes rather quickly. The fate of families with two or more children is much bleaker. They evince considerable risks of remaining in both cash and dependency episodes.

Those recipients who entered social assistance due to 'other reasons' – an extremely heterogeneous category – have a high chance of remaining on benefit and of becoming long-term dependent.

If we examine the months in which benefits were terminated we see clearly the impact of budget constraints. All recipients who exited the program before December of a given budget year had been on benefit for a longer period of time. Those recipients whose benefits were terminated due to the budget restriction in December had had considerably shorter cash episodes. According to the lower relation of benefit reciprocity to periods of dependency the ending month for payments has less impact on overwhelming a dependence episode.

In poverty studies based on the dynamic approach it is often assumed that all conditions that impact exit chances are distributed equally throughout an episode. It is thus assumed that the causal factors measured at the beginning of an episode have a constant, linear impact



Table 5: Chance for Terminating First Cash and Dependence Episode

Variables	Cash Episode				Dependence Episode			
	Proportional Hazard Model		Piecewise Constant Model		Proportional Hazard Model		Piecewise Constant Model	
Local welfare regime:								
Bremen	-0,008	(0,058)	-0,040	(0,058)	0,167**	(0,060)	0,164**	(0,060)
Bozen	0,387**	(0,069)	0,388**	(0,377)	0,377**	(0,073)	0,387**	(0,073)
Milan	0,386**	(0,051)	0,458**	(0,051)	0,470**	(0,052)	0,520**	(0,053)
Nationality:								
Bremen × foreign	-0,340**	(0,087)	-0,351**	(0,087)	-0,145*	(0,088)	-0,144*	(0,088)
Foreign born	0,232**	(0,065)	0,275**	(0,065)	0,178**	(0,066)	0,196**	(0,066)
Gender: women	-0,123**	(0,045)	-0,136**	(0,045)	-0,117**	(0,046)	-0,121**	(0,046)
Type of household:								
Lone mothers	-0,170**	(0,073)	-0,174**	(0,073)	-0,156**	(0,076)	-0,163**	(0,076)
Singles	-0,113**	(0,052)	-0,129**	(0,053)	-0,076	(0,054)	-0,080	(0,054)
Age group:								
18–24 <sup>a</sup>	-0,158**	(0,069)	-0,165**	(0,069)	-0,126*	(0,070)	-0,134*	(0,070)
45–59	-0,152**	(0,047)	-0,162**	(0,047)	-0,107**	(0,048)	-0,108**	(0,048)
Children								
none	0,103*	(0,057)	0,127**	(0,058)	0,145**	(0,060)	0,162**	(0,060)
two and more	-0,106**	(0,057)	-0,123**	(0,057)	-0,141**	(0,059)	-0,157**	(0,059)
Begin: other reasons	-0,141**	(0,043)	-0,170**	(0,043)	-0,100**	(0,045)	-0,112**	(0,045)
Month of termination:								
January	-0,201**	(0,090)	-0,231**	(0,090)	-0,293**	(0,092)	-0,312**	(0,092)
February	-0,002	(0,091)	-0,008	(0,091)	-0,017	(0,094)	0,023	(0,094)
March	-0,246**	(0,092)	-0,269**	(0,092)	-0,164*	(0,096)	-0,172*	(0,096)
April	-0,110	(0,092)	-0,131	(0,092)	-0,092	(0,094)	-0,095	(0,094)
May	-0,222**	(0,089)	-0,231**	(0,089)	-0,115	(0,092)	-0,114	(0,092)
June	-0,227**	(0,094)	-0,247**	(0,094)	-0,206**	(0,097)	-0,218**	(0,097)
July	-0,224**	(0,087)	-0,242**	(0,087)	-0,116	(0,091)	-0,119**	(0,092)
August	-0,259**	(0,090)	-0,272**	(0,090)	-0,182**	(0,093)	-0,186**	(0,093)
September	-0,136	(0,093)	-0,142	(0,093)	-0,141	(0,096)	-0,141	(0,096)
October	-0,296**	(0,089)	-0,313**	(0,090)	-0,211**	(0,091)	-0,215**	(0,092)
November	-0,224**	(0,092)	-0,238**	(0,092)	-0,120	(0,094)	-0,123	(0,094)
Time periods								
0–4 <sup>th</sup> Month	—		-1,772**	(0,0831)	—		-2,348**	(0,087)
5–8 <sup>th</sup> Month	—		-1,465**	(0,086)	—		-2,353**	(0,091)
9–12 <sup>th</sup> Month	—		-2,102**	(0,101)	—		-2,958**	(0,103)
12–24 <sup>th</sup> Month	—		-2,119**	(0,095)	—		-2,782**	(0,091)
25–36 <sup>th</sup> Month	—		-2,693**	(0,125)	—		-3,087**	(0,103)
37 <sup>th</sup> + Month	—		-3,175**	(0,220)	—		-2,969**	(0,133)
Number of cases	3,095		3,095		3,095		3,095	
Loglikelihood	-21,247.99		-8,984.31		-20,213.03		-9,989.86	
χ <sup>2</sup> (df)	902.98 (11)		2,444.87 (12)		2,444.87 (12)		3,438.69 (15)	

<sup>a</sup>In Bremen also some cases aged between 16 and 18 are considered.

Reference group: Local welfare regime: Turin, Nationality: native, Gender: men, Age group: 25–44, Children: one, Type of household: person with family or no-relatives, Begin reason: work loss, Month of termination: December. Significance  $p < 0.05$  :\*,  $p < 0.10$  :\*. Standard error in parentheses. Likelihood-ratio test statistic ( $\chi^2$ ) against the model without covariates.

on the chances for terminating the episode. We have learned from the discussions in ‘job-search theory’, however, that the longer a period of unemployment lasts, the more likely it becomes that the unemployed person becomes discouraged and hence less energetic in seeking a job. This negatively affects his chances of overcoming unemployment by taking up gainful employment. If we assume that a similar dynamic of discouragement obtains for recipients of social assistance, then we would expect the graphic function of the likelihood of their terminating an episode relative to their total time on benefit to sink constantly.

The time-period effect in the piecewise constant model does indeed mean that for all recipients, the longer they remain on benefit, the worse their chances of terminating the episode become. In other words, the risk of continuing to remain on benefit increases with the time already on benefit. This negative time-period effect increases nearly linearly for cash episodes, and does so to a somewhat lesser extent for dependence episodes.

All in all, many of our findings in the descriptive analysis were confirmed in the above multivariate estimation. The coefficients, however, give us figures which allows us to calculate the relative impacts of local welfare regimes and of recipients’ characteristics on social-assistance patterns. As seen above, the institutional settings of the local welfare regimes have a tremendous impact on patterns of welfare use. Nevertheless, the findings also indicate that there might be an unobserved heterogeneity in the causal factors explaining the specific local social-assistance patterns.

## **4. Summary and Policy Conclusions**

It was the aim of this contribution to demonstrate the role of the legal framework in structuring both entering the income support program and the dynamics of welfare use. As we have seen this bears some problems in evaluating income support policies. The analyses of the dynamics of social assistance benefits and social assistance dependence show surprising differences between the cities under observation. It is evident that without the analysis of the institutional framework of the local welfare program, no results of income support policy could be interpreted in the appropriate way. The analysis of the institutional settings gives a good framework for analysing most of the characteristics of the recipients and their patterns of welfare use.

Our analysis of the social assistance patterns as an outcome of local income support policies show that welfare use is more frequent a relatively short-term event. However that does not necessarily mean that also being dependent on income support is as short. This periods last often twice as long as the time on payments. The analysis makes transparent the large impact of the local income support policies on these patterns. Terminating benefit payments does not necessarily mean that the conditions of need has changed. The study shows that this is – especially for recipients in Milan and Turin – straight outcome of the budget constraints to local welfare program.

Furthermore the results show that there is a great fluctuation between benefit recipients. For only a very few we could observe a higher risk of remaining as a long-term recipient. These cases occur more frequently in Bremen and in Turin. Only a few groups of persons

have the risk of starting a stable career as a dependent welfare user. These seem to be for our sample

single parents. Also families with children are disadvantaged compared to childless households. Moreover, it is the member of a single parent family who is most endangered to become a long-term recipient of welfare. Although this result is not surprising as such, it is the extent of the discrimination which deserves attention. On average, single parent families stay on welfare two and a half time as long as couples with children and four times as long as childless persons.

The results seem to indicate that social policies matter in structuring welfare use and that they should focus more on single parent families in order to compensate for their double disadvantage of having children and having no one to share the responsibility of raising children. The German welfare systems seem to offer more opportunities to escape welfare dependency for two parent families than for single parents. This is an effect of its implicit assumption having children only in a “normal family” with two parents, a male breadwinner as main earner and generally stable marital relations.

On the whole, it can be seen, however, that the duration of the first-time spell on welfare assistance does not have a significant influence on the chances that the need for welfare assistance arises again. The presumption often made that the length of the first episode on welfare assistance leads to a dependency on welfare assistance is not the case in any of the household constellations. In certain circumstances, results have appeared which seem to verify this effect. These results arise from the fact that these estimations are based on cases which cannot be exactly screened as to whether or rather how long the recipient was not dependent on welfare assistance before receiving welfare assistance during our period of observation. Whereas the population sample in this survey, apart from a few exceptions, did not receive any welfare assistance in the last five years before our period of observation began, other studies could possibly be based on a sample which had perhaps already begun a “welfare-assistance career” before the first period of observation began. Thus, there is reason to believe that the influence of a pre-history in welfare assistance cannot be sufficiently controlled in the estimations.

It was also the aim of this paper to analyse the impact of the welfare regime on the patterns of welfare use by controlling recipients’ characteristics in multivariate estimations. We investigated the variations in the temporal patterns of welfare use as an outcome of program differences between the cities. The differences found in the duration of receiving benefit or being dependent are mostly a result of different income support policies and labour market opportunities. The impact on the transition rate of belonging to a specific group is, in general, much lower than that of the specific income support program. Consequently, the differences between the cities cannot be explained by different need populations. The income support policies have a much larger impact on the patterns of welfare use

However, one must bear in mind that a benefit recipient even with specific characteristics is an overall identical case. There are cases which, for good reasons in a given local context, have a longer period with income support and which need specific public assistance to lastingly overcome a need situation. They need help to help themselves. Lone mothers, for example, need help to combine childcare and employment. Non-autochthons may need additional education and training in the language.

As a result of these findings, the focus for the second step was on the differences within the cities. The analysis shows that there are variations in the transition rate for the same need group in cities with the same local welfare regime and social policy. The impact of budget constraints and temporal limitations on receipt according to target groups become evident by the variations in the transition rates in Milan and Turin. The straight use of an administrative neediness check in Bozen produces a figure that shows higher transition rates for leaving the program than in all other cities. The analysis within the cities makes the impact of a given local income support policy and a program's legal framework transparent.

At least the results show that a dependence definition is a more appropriate measure for the analysis of households under conditions of need. Dependence episodes are, to a lesser extent, predominated by a welfare program. Conversely, a cash definition is, to a large extent, an outcome of the income support policy. Due to the differences in the legal framework and the eligibility filters it can only be used as a measure for program outcome. However, the multivariate analysis shows the usefulness of these different definitions for investigating temporal patterns of welfare use.

## Appendix: Database

The investigated population consists of social assistance recipients who were observed for 42 months at the outset of new beginning of their “social assistance career”. This starting point is assumed to be “first time receipt” and it dates from the end of the 1980s and the beginning of the 1990s.

A research strategy based on city centred data has its limitations. Welfare receipt outside of the selected city, i.e. in the case of migrating households, cannot be elucidated. Thus, there are reasons to believe that episodes of social assistance receipt were often longer or occurred more often than we observed. However, this same problem applies to all the data sets examined here, so it presumably had very limited consequences for the comparative analysis.

**Bremen.** The Bremen data set consist of a 10 % random sample of newly-entering cases of recipients of social assistance in the Bremen administrative area during the calendar year 1989. For Bremen we use “Hilfe zum Lebensunterhalt”, commonly called ‘Sozialhilfe’ (social assistance) in the narrowest sense of the term, as minimum income support measure. One-time maintenance support for specific purposes has been excluded. The data from the written welfare records were drawn up with a standardised research instrument.

The resulting data, called the Bremen 10 % Longitudinal Study of Social Assistance (LSA), has been recorded since 1987 by Bremen’s State Secretary for Social Welfare in cooperation with the Centre for Social Policy Research at the University of Bremen (cf. Buhr and Voges 1998) and the project “Social Assistance Careers” at the Special Research Unit (Sonderforschungsbereich) 186 (“Status Passages and Social Risks in the Life Course”). The latter has been funded by the German National Research Fund (DFG). The LSA compiles monthly data on the duration of social-assistance receipt, is able to distinguish first-time recipients, and tracks multiple spells of receipt during the entire panel period. In the LSA, social-assistance cases began between 1 January 1989 and 31 December 1989. Patterns of receipt could be observed for the 1989 cohort until June, 1993. All covariates refer to the household’s reference person.

All recipients in the LSA are “first-time” recipients in the sense that there was no welfare record for them in the city-state of Bremen in the five-year period prior to the beginning of receipt. For the small number of households which did not live in Bremen for the full five-year period prior to entry into social assistance, it was assumed that welfare was not received during the portion of the five-year period in which the family lived elsewhere.

**Milan.** The Milan data set (MSA = Milan Social Assistance data) is based on all households which received social assistance from either the program for adults with social or economic difficulties (UAD = Ufficio Adulti in Difficoltà) or the program for families with children (SSMI = Servizio Sociale Materno-Infantile). All covariates refer to the household’s reference person.

The UAD data refers to all adults (males: 18–60; females 18–55) without children below age 18 who received at least one social assistance payment lasting more than 1 month during

the observation window, which covers the period between January 1990 and December 1995. The welfare record for this database does not make it possible to determine whether persons received social assistance benefits prior to the observation period (1990–1995). However, the UAD was just established in 1988 and the data of the Observatory of Urban Poverty show that in the period 1988–1989 the claimants were very few, mainly because of the public awareness. In this sense we can estimate that the recipients are almost all first-time recipients. This does not mean that they were not in a condition of need before entering the program, because before this time there was no program to which they could have been entitled.

The SSMI data refers to all families with children which received social assistance for the first time during the period 1991–1992. The observation window begins in January 1991 and ends in December 1995. About 8–10 % of the original records were not available because they were located in unreachable archives.

Both databases were built by a working group of the Observatory of Urban Poverty at the Department of Sociology of the University of Milan and enlarged as part of the ESOPO study. Data has been collected by researchers of the Observatory, who have drawn information from recipients records which were duly made anonymous.

**Turin.** The Turin data set is based on the computerised administrative register (Archivio socioassistenziale informatizzato of the Turin principality) of all social assistance recipients in the city. The data of the administrative archive have been linked with the national census (1991) and the data of Turin's Registry Office. From the census data some information about the compositions of the household and the characteristics of the reference person has been obtained. Therefore independent variables for the reference person mainly stem from census data (end of October 1991). In cases in which no census data on individuals could be found, data from the Registry Office have been used.

All covariates refer to the household's reference person. Only in rarely has it not been possible to identify the reference person. These cases concern minors which do not have the possibility to be linked with their family. In these cases the covariates referred to the minor him- or herself.

The data set has been prepared with the collaboration of the Epidemiological Observatory of the Usl5 (Grugliasco – Turin) named “Studio longitudinale torinese”. The data have been utilised by the local Turin unit of the CNR project “Governance e sviluppo”.

The observation period lasted from December 1989 through June 1996. For this research only two cohorts of new recipients were selected. The first one based on all cases (households) starting receipt between December 1990 and December 1991, while the second one contains all those which began receipt between January 1992 and December 1992. Thus the file does not contain a sample of cases but rather to the total population of recipients belonging to these cohorts. The cohorts have been selected based on their proximity to the census data (October 1991)

In Turin a “first time recipient” is defined as a household which didn't receive any income support hereto before. This information was disposable within the welfare record so we are sure that our recipients are actually “first time recipients”.

**Bozen.** The Bozen data refer to the reference person of households which gained access to social assistance for the first time in the years 1993–1994 in the district of Bozen. Data on other household members are available as well. The households did not receive benefits in 1992 and the observation window begins on January 1993 and ends on April 1997. In Bozen, too, the data refer to all cases, not to a sample of recipients. The data were collected within the project “Poverty in the Autonomous Province of Bozen” carried out by Elaborando (cf. Kazepov and Laffi 1997).

Methodologically, we will restrict our analysis to an observation window of 42 months. All households which were still on benefit at the end of this period will – since the date of the termination of receipt is unknown – be handled as cases with “right-censored” episodes. Right censored means that the end of the relevant period is unknown and could only be studied until the end of the observation period.

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